

Message Text

SECRET

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ORIGIN AF-08

INFO OCT-01 ISO-00 DODE-00 PM-04 NSC-05 SS-15 CIAE-00

INR-07 NSAE-00 L-03 IGA-02 /045 R

DRAFTED BY AF/E:RSBARRETT:NB

APPROVED BY AF:DBOLEN

DOD/DSAA:P SUMNER

PM:DJAMES

OSD/ISA:COL. HILLEBRANDT

NSC--R. HARRISON

S/S: MR. ORTIZ

----- 058748

R 101500Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY ADDIS ABABA

INFO USCINCEUR

S E C R E T STATE 224168

NOFORN

E.O. 11652: GDS

TAGS: MASS, ET

SUBJECT: ETHIOPIAN FMS CREDIT

REF: ADDIS ABABA 9974

1. WHETHER PMG WANTS TO PAY CURRENT INTER-
EST RATE FOR FMS CREDIT IS OF COURSE ITS OWN BUSINESS.
TRUST EMBASSY OR MAAG WILL FIND OCCASION, HOWEVER, TO DIS-
ABUSE AYALEW MANDEFRO OF APPARENT BELIEF THAT CHANGE TO
NORMAL INTEREST RATE WAS POLITICALLY MOTIVATED. DECISION
TO INCREASE FY 75 FMS CREDIT TO \$25 MILLION WAS TAKEN IN
JANUARY 1975 AFTER INSTALLATION OF PMG, AND CONCESSIONAL
INTEREST RATE AGREED TO IN JUNE OF 1975. ONE OF REASONS
ETHIOPIA ONLY COUNTRY TO RECEIVE CONCESSIONAL RATE IN FY 75,

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AND YOU SHOULD REMIND AYALEW MANDEFRO OF THIS, WAS PRECISE-

LY TO AVOID SUSPICION OF ANTI-PMG ACTION. BUT IT WAS FELT CONCESSIONAL RATE COULD NO LONGER BE JUSTIFIED FOR ETHIOPIA ALONE IN FY 76. YOU MAY WANT TO REFER HIM TO KIFLE WHO IS WELL AWARE OF EXTRAORDINARY EFFORTS MADE WITHIN USG FOR ETHIOPIA SINCE ADVENT OF PMG.

2. DESPITE NEGATIVE SIGNALS IN REFTEL WE PLAN TO SUBMIT FMS TQ AGREEMENT IN FINAL FORM, READY TO SIGN, TO ETHIOPIAN EMBASSY SO THAT PMG WILL IN EFFECT HAVE UNTIL SEPTEMBER 30

TO RECONSIDER. WE WILL REQUEST, HOWEVER, THAT IF PMG DEFINITELY REJECTS THIS CREDIT WE BE INFORMED AS SOON AS POSSIBLE. YOU SHOULD TAKE SAME LINE IN ADDIS.

3. INTEREST RATE FOR SEPTEMBER WILL BE 7.75 PERCENT. YOU MAY SO INFORM PMG.

4. WE WILL REPLY TO ADDIS 10112 BY SEPARATE MESSAGE. KISSINGER

SECRET

NNN

Message Attributes

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